

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 IO-13 ISO-00 STRE-00
AF-10 NEA-11 OIC-02 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07
ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15 NSCE-00
SSO-00 ICAE-00 INRE-00 JUSE-00 /153 W
-----037552 011535Z /72

O 011517Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 0313

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY MONTEVIDEO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY WELLINGTON

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USEEC USOECD

PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: GATT

SUBJECT: GATT COUNCIL

REF: GENEVA 8219

FOLLOWING IS CURRENT STATUS OF ITEMS ON THE JUNE 6 GATT
COUNCIL:

1. NORWAY - RESTRICTIDNS ON IMPORTS OF TEXTILES FROM HONG
KONG. HONG KONG WILL ASK THAT COUNCIL ESTABLISH A PANEL
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UNDER XXIII:2 TO HEAR ITS COMPLAINT AGAINST NORWAY'S
DISCRIMINATORY QRS ON IMPORTS OF TEXTILES FROM HONG KONG.
WE RECOMMEND U.S. SUPPORT HONG KONG'S REQUEST FOR PANEL
AS CONSISTENT WITH GATT TRADITION IN CONSIDERATION
OF DISPUTES, BUT MAKE NO COMMENT ON SUBSTANCE OF DISPUTE.

2. CANADA - WITHDRAWAL OF TARIFF CONCESSIONS UNDER

ARTICLE XXVIII:3. ALTHOUGH EC HAS HINTED IT MAY NEED TO WITHDRAW THIS ITEM FROM AGENDA BECAUSE IT DOES NOT HAVE TIME FOR SUFFICIENT INTRA-EC COORDINATION, U.S. SHOULD BE PREPARED TO COMMENT IF EC ASKS COUNCIL FOR RECOMMENDATION AS WE BELIEVE IT MIGHT. WE UNDERSTAND THAT EC MAY TELL COUNCIL THAT IT CAN NEITHER REDUCE THE DUTY ON ZINC NOR OFFER COMPENSATORY CONCESSIONS AND ASK THE COUNCIL TO RECOMMEND THAT CANADA REESTABLISH SOME OF ITS WITHDRAWN CONCESSIONS IN ORDER TO ELIMINATE THE EXCESSIVE ELEMENT IN THE CANADIAN WITHDRAWALS. ALTHOUGH THIS MAY NOT BE THE EXACT SCENARIO, THE EC MAY ATTEMPT TO GET THE COUNCIL TO MAKE A RECOMMENDATION FORCING THE CANADIANS TO TAKE ACTION BEFORE THE EC DOES ANYTHING. THE CANADIANS INTERPRET THE PANEL'S FINDINGS TO MEAN THAT THE EC HAS TO TAKE ACTION FIRST (I.E., REDUCE ZINC DUTY) OR TO ENTER INTO NEGOTIATIONS TO REESTABLISH THE BALANCE OF CONCESSIONS. FROM OUR READING OF THE PANEL REPORT (L/4636) WE TEND TO AGREE WITH THE CANADIANS AND BELIEVE THAT THE COUNCIL, IF ASKED TO MAKE A RECOMMENDATION, SHOULD INSTRUCT THE TWO PARTIES TO ENTER INTO NEGOTIATIONS WITH THE AIM OF REESTABLISHING A BALANCE OF CONCESSIONS AT THE HIGHEST POSSIBLE LEVEL. WE RECOMMEND THAT USDEL BE AUTHORIZED TO MAKE OR SUPPORT SUCH A RECOMMENDATION, AS APPROPRIATE, BUT NOT REPEAT NOT TO SUPPORT A RECOMMENDATION CALLING FOR UNILATERAL ACTION ON THE PART OF CANADA.

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3. EXPORT INFLATION INSURANCE SCHEMES - CANADA AND FRANCE HAVE NOTIFIED SECRETARIAT OF THEIR ACCEPTANCE OF TERMS OF REFERENCE PROPOSED AT LAST INFORMAL MEETING (PARA 2(2) GENEVA 8061). ALL KEY DELS HAVE NOW ACCEPTED THESE TERMS OF REFERENCE AND WE EXPECT THAT COUNCIL WILL ESTABLISH PANEL.

4. URUGUAY - SECRETARIAT HAS ADVISED URUGUAY THAT IT SHOULD EITHER RENEGOTIATE ITS SURCHARGE UNDER XXVIII OR INVOKE ARTICLE XVIII. IN VIEW OF MTN NEGOTIATIONS ON BOP PROCEDURES, HOWEVER, URUGUAY HAS DECIDED TO DELAY A DECISION ON WHAT COURSE TO FOLLOW AND IS ASKING FOR A SIMPLE EXTENSION OR WAIVER UNTIL AFTER THE FALL SESSION OF THE BOP COMMITTEE, WHEN URUGUAYAN SURCHARGE WILL BE CONSIDERED BY THE COMMITTEE. RECOMMEND WE BE GIVEN AUTHORITY TO VOTE FOR LIMITED EXTENSION OF WAIVER.

5. SECRETARIAT STUDY ON ARTICLE XIX - AS GENEVA 8282 INDICATES, EC IS STALLING AND IS VERY UNLIKELY TO ALLOW STUDY TO GO FORWARD. WE EXPECT THAT LDCS WILL NOT BE WILLING TO LET ITEM BE CARRIED OVER WITHOUT COMMENT AND WILL USE COUNCIL MEETING TO PUT FURTHER PRESSURE ON EC.

WE AGREE WITH HONG KONG DEL THAT EC IS OUT OF ORDER IN ATTEMPTING TO BLOCK FACTUAL BACKGROUND STUDY OF AN ARTICLE OF THE GENERAL AGREEMENT AND, WHILE RECOGNIZING THE SENSITIVE NATURE OF MTN SAFEGUARD NEGOTIATIONS, RECOMMEND THAT U.S. NOTE ITS SUPPORT FOR THE STUDY.

6. NEW ZEALAND - RENEGOTIATIONS UNDER ARTICLE XXVIII -- NEW ZEALAND DEL SAYS THAT NEW TARIFF SCHEDULE GOES INTO EFFECT JULY 1. WHILE HE DOUBTS THAT RENEGOTIATIONS COULD BE FINISHED BY THAT DATE, HE SAYS THAT NEW ZEALAND IS READY TO ENTER INTO THEM IMMEDIATELY. ACCORDING TO HIM, NOTIFICATION TO GATT WAS DELAYED WHILE GNZ DEVELOPED COMPENSATORY OFFERS. NEW ZEALAND DEL SAYS THAT STATISTICAL INFORMATION AND COMPENSATORY OFFERS WILL BE CIRCULATED IN NEXT FEW DAYS. VANDEN HEUVEL
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NNN

Message Attributes

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Disposition Approved on Date:
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